



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB0415

Introduced 01/26/07, by Rep. Deborah L. Graham

SYNOPSIS AS INTRODUCED:

215 ILCS 5/356a

from Ch. 73, par. 968a

215 ILCS 5/367.2-5

Amends the Illinois Insurance Code. Raises the maximum age of a dependent child that a policy of accident and health insurance may insure, originally or by subsequent amendment, upon the application of an adult member of a family who shall be deemed the policyholder, from 19 to 24. Provides that if the limiting age under the policy is less than 25 years of age, then the insurer shall, upon application of the dependent child, provide coverage after that specific age, until the dependent child is 25 years of age.

LRB095 04041 KBJ 24078 b

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by
5 changing Sections 356a and 367.2-5 as follows:

6 (215 ILCS 5/356a) (from Ch. 73, par. 968a)

7 Sec. 356a. Form of policy.

8 (1) No policy of accident and health insurance shall be
9 delivered or issued for delivery to any person in this state
10 unless:

11 (a) the entire money and other considerations therefor are
12 expressed therein; and

13 (b) the time at which the insurance takes effect and
14 terminates is expressed therein; and

15 (c) it purports to insure only one person, except that a
16 policy may insure, originally or by subsequent amendment, upon
17 the application of an adult member of a family who shall be
18 deemed the policyholder, any two or more eligible members of
19 that family, including husband, wife, dependent children or any
20 children under a specified age which shall not exceed 24 ~~19~~
21 years and any other person dependent upon the policyholder; and

22 (d) the style, arrangement and over-all appearance of the
23 policy give no undue prominence to any portion of the text, and

1 unless every printed portion of the text of the policy and of
2 any endorsements or attached papers is plainly printed in
3 light-faced type of a style in general use, the size of which
4 shall be uniform and not less than ten-point with a lower-case
5 unspaced alphabet length not less than one hundred and
6 twenty-point (the "text" shall include all printed matter
7 except the name and address of the insurer, name or title of
8 the policy, the brief description if any, and captions and
9 subcaptions); and

10 (e) the exceptions and reductions of indemnity are set
11 forth in the policy and, except those which are set forth in
12 Sections 357.1 through 357.30 of this act, are printed, at the
13 insurer's option, either included with the benefit provision to
14 which they apply, or under an appropriate caption such as
15 "EXCEPTIONS", or "EXCEPTIONS AND REDUCTIONS", provided that if
16 an exception or reduction specifically applies only to a
17 particular benefit of the policy, a statement of such exception
18 or reduction shall be included with the benefit provision to
19 which it applies; and

20 (f) each such form, including riders and endorsements,
21 shall be identified by a form number in the lower left-hand
22 corner of the first page thereof; and

23 (g) it contains no provision purporting to make any portion
24 of the charter, rules, constitution, or by-laws of the insurer
25 a part of the policy unless such portion is set forth in full
26 in the policy, except in the case of the incorporation of, or

1 reference to, a statement of rates or classification of risks,
2 or short-rate table filed with the Director.

3 (2) If any policy is issued by an insurer domiciled in this
4 state for delivery to a person residing in another state, and
5 if the official having responsibility for the administration of
6 the insurance laws of such other state shall have advised the
7 Director that any such policy is not subject to approval or
8 disapproval by such official, the Director may by ruling
9 require that such policy meet the standards set forth in
10 subsection (1) of this section and in Sections 357.1 through
11 357.30.

12 (Source: P.A. 76-860.)

13 (215 ILCS 5/367.2-5)

14 Sec. 367.2-5. Dependent child continuation privilege;
15 group contracts.

16 (a) No policy of group accident or health insurance, nor
17 any certificate thereunder shall be amended, renewed,
18 delivered, or issued for delivery in this State after July 1,
19 2004, unless the policy provides for a continuation of the
20 existing insurance benefits for an employee's dependent child
21 who is insured under the provisions of that group policy or
22 certificate in the event of the death of the employee and the
23 child is not eligible for coverage as a dependent under the
24 provisions of Section 367.2 or the dependent child has attained
25 the limiting age under the policy. If the limiting age under

1 the policy is less than 25 years of age, then the insurer
2 shall, upon application of the dependent child as set forth in
3 subsection (c) of this Section, provide coverage after that
4 specific age, until the dependent child is 25 years of age.

5 (b) In the event of the death of the employee, if
6 continuation coverage is desired, the dependent child or a
7 responsible adult acting on behalf of the dependent child shall
8 give the employer or the insurer written notice of the death of
9 employee within 30 days of the date the coverage terminates.
10 The employer, within 15 days of receipt of the notice, shall
11 give written notice to the insurance company issuing the policy
12 of the death of the employee and the dependent child's
13 residence. The employer shall immediately send a copy of the
14 notice to the dependent child or responsible adult at the
15 dependent child's residence.

16 (c) In the event of the dependent child attaining the
17 limiting age under the policy, if continuation coverage is
18 desired, the dependent child shall give the employer or the
19 insurer written notice of the attainment of the limiting age
20 within 30 days of the date the coverage terminates. The
21 employer, within 15 days of receipt of the notice, shall give
22 written notice to the insurance company issuing the policy of
23 the attainment of the limiting age by the dependent child and
24 of the dependent child's residence.

25 (d) Within 30 days after the date of receipt of a notice
26 from the employer, dependent child, or responsible adult acting

1 on behalf of the dependent child, or of the initiation of a new
2 group policy, the insurance company, by certified mail, return
3 receipt requested, shall notify the dependent child or
4 responsible adult at the dependent child's residence that the
5 policy may be continued for the dependent child. The notice
6 shall include:

7 (1) a form for election to continue the insurance
8 coverage;

9 (2) the amount of periodic premiums to be charged for
10 continuation coverage and the method and place of payment;
11 and

12 (3) instructions for returning the election form
13 within 30 days after the date it is received from the
14 insurance company.

15 Failure of the dependent child or the responsible adult
16 acting on behalf of the dependent child to exercise the
17 election to continue insurance coverage by notifying the
18 insurance company in writing within such 30 day period shall
19 terminate the continuation of benefits and the right to
20 continuation.

21 If the insurance company fails to notify the dependent
22 child or responsible adult acting on behalf of the dependent
23 child as provided for in this subsection (d), all premiums
24 shall be waived from the date the notice was required until
25 notice was sent, and the benefits shall continue under the
26 terms and provisions of the policy, from the date the notice

1 was required until the notice was sent, notwithstanding any
2 other provision hereof, except where the benefits in existence
3 at the time the company's notice was to be sent pursuant to
4 this subsection (d) are terminated as to all employees.

5 (e) The monthly premium for continuation shall be computed
6 as follows:

7 (1) an amount, if any, that would be charged an
8 employee if the dependent child were a current employee of
9 the employer, plus;

10 (2) an amount, if any, that the employer would
11 contribute toward the premium if the dependent child were a
12 current employee.

13 Failure to pay the initial monthly premium within 30 days
14 after the date of receipt of notice required in subsection (d)
15 of this Section terminates the continuation benefits and the
16 right to continuation benefits.

17 Continuation coverage provided under this Act shall
18 terminate upon the earliest to happen of the following:

19 (1) the failure to pay premiums when due, including any
20 grace period allowed by the policy;

21 (2) when coverage would terminate under the terms of
22 the existing policy if the dependent child was still an
23 eligible dependent of the employee;

24 (3) the date on which the dependent child first
25 becomes, after the date of election, an insured employee
26 under any other group health plan; or

1 (4) the expiration of 2 years from the date
2 continuation coverage began.

3 Upon the termination of continuation coverage, the
4 dependent child shall be entitled to convert the coverage to an
5 individual policy.

6 (f) The renewal, amendment, or extension of any group
7 policy affected by this Section shall be deemed to be delivery
8 or issuance for delivery of a new policy or contract of
9 insurance in this State.

10 (g) If (1) the policy is cancelled, and (2) another
11 insurance company contracts to provide group health and
12 accident insurance to the employer, and (3) continuation
13 coverage is in effect for the dependent child at the time of
14 cancellation, and (4) the employee is or would have been
15 included under the new group policy, then the new insurer must
16 also offer continuation coverage to the dependent child under
17 the same terms and conditions as contained in this Section.

18 (h) This Section shall not limit the right of any dependent
19 child to exercise the privilege to convert to an individual
20 policy as contained in this Code.

21 (i) No person who obtains coverage under this Section shall
22 be required to pay a rate greater than that applicable to any
23 employee or member covered under that group.

24 (Source: P.A. 93-477, eff. 1-1-04.)